


# ONE MINUTE PERSPECTIVE

## 3 ways to use procurement negotiation to combat inflation

It's easy to forget that value can be a matter of perception, and that it is negotiable



Historically high inflation is affecting all aspects of business, including rising supplier and raw material costs, shipping expenses, higher wages, and indirect procurement costs. To combat inflationary pressures, companies must adopt world-class negotiation processes and provide advanced negotiation skills training to their procurement teams.

**Here are Three essential strategies for fighting inflation:**

### 01 Create value through negotiation

Procurement processes must focus on creating value and finding efficiencies. Negotiation is crucial in achieving this goal, as it allows companies to align expectations with suppliers, explore cost-effective alternatives, and address rising costs effectively. Building strong supplier relationships and shared value is essential for better supplier performance.

### 02 Standardize negotiation processes and language

To enhance efficiency and effectiveness, it is vital to align all procurement teams on standardized negotiation processes and language. This ensures clear communication, faster planning, and reduced errors during negotiations.

### 03 Invest in procurement teams

During challenging economic times, companies should not cut investments in training or personnel, especially in procurement. Well-trained procurement teams are the best defense against aggressive price increases by sales negotiators. Investing in negotiation training enables procurement teams to negotiate effectively, deliver improved results, and contribute to the fight against inflation.

Overall, with unprecedented inflation, service-level degradation, and supply chain disruptions, effective procurement negotiation is critical for maintaining business profitability. By deploying robust negotiation processes, standardizing language, and investing in training, companies can better combat inflationary pressures and achieve positive outcomes in negotiations. Continuous improvement and measurement of negotiation processes are also essential to sustain long-term success.

Courtesy: [https://www.scmr.com/article/3\\_ways\\_to\\_use\\_procurement\\_negotiation\\_to\\_combat\\_inflation](https://www.scmr.com/article/3_ways_to_use_procurement_negotiation_to_combat_inflation)

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